

AGENCY FISCAL ESTIMATE OF PROPOSED REGULATION

AGENCY SUBMITTING REGULATION: Commission on Culture & Tourism (CCCT) Date: March 18, 2008

SUBJECT MATTER OF REGULATION: Film Production Tax Credit Program

REGULATION SECTION NOS. 12-217jj-1 to 12-217jj-13 STATUTORY AUTHORITY 07-236, Section 3 as amended by P.A. 07-04 (June Special Session) and P.A. 07-05 (June Special Session)

OTHER AGENCIES AFFECTED: Department of Revenue Services (“DRS”)

EFFECTIVE DATE USED IN COST ESTIMATE: March 18, 2008

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SUMMARY OF STATE COST AND REVENUE IMPACT OF PROPOSED REGULATION

Agency: Commission on Culture & Tourism Fund: Affected General Fund (Costs)
Department of Revenue Services General Fund Revenue (Loss for tax credits)

	First Year <u>2008</u>	Second Year <u>2009</u>	Full Operation <u>2010</u>
Number of Positions	2 (½ year)	1 additional	3
Personal Services	\$60,000 ^{1/}	\$180,000 ^{1/}	\$180,000 ^{1/}
Other Expenses	-	-	-
Equipment	-	-	-
Grants	-	-	-
Total State Cost (Savings)	\$60,000 ^{1/}	\$180,000 ^{1/}	\$180,000 ^{1/}
Estimated Revenue Gain (Loss)			
Total Net State Cost (Savings)			

^{1/} Plus fringe benefits
DRS (Revenue Loss)

EXPLANATION OF STATE IMPACT OF REGULATION:

The regulations implement the provisions of P.A. 07-236, Section 1 as amended which made available the film and entertainment media production tax credit under the insurance premiums tax as well as the corporation business tax. In Fiscal Year 2008, as of March 2008, the CCT has preliminarily approved 27 productions representing over \$171 million in estimated Connecticut expenditures that will be eligible for potentially \$51.5 millions in tax credits in Fiscal Year 2008 and Fiscal Year 2009. The total tax film production credits are likely to increase through Fiscal Year 2012 as the program takes hold.

The General Fund cost to the CCT results from the need for two additional positions in the Film Division to assist in the administration of the program in Fiscal Year 2008 and one additional position in Fiscal Year 2009. It should be noted that the added positions will assist in the administration of the film industry infrastructure tax credit program and the digital animation tax credit program also.

EXPLANATION OF MUNICIPAL IMPACT OF REGULATION: None

REGULATORY FLEXIBILITY: N/A